

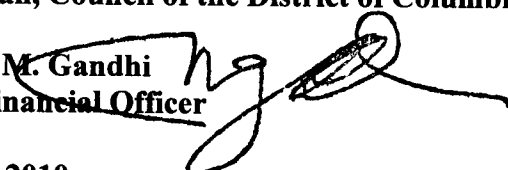
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: July 12, 2010

SUBJECT: Fiscal Impact Statement – “Pre-k Acceleration and Clarification
Amendment Act of 2010”

REFERENCE: Bill Number 18-605 – Committee Print dated April 20, 2010

This revision replaces the fiscal impact statement issued by the OCFO on February 5, 2010.

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. The proposed legislation would require an additional \$112,695 for expanded technical assistance for pre-K providers in FY 2011, and \$455,742 in the FY 2011 through FY 2014 financial plan period. OSSE’s FY 2011 through FY 2014 budget and financial plan includes \$500,000 as non-lapsing funds for the technical assistance program.

Background

The proposed legislation would significantly amend the Pre-k Enhancement and Expansion Amendment Act of 2008¹ to:

- Expand the definition of Community-Based Organization (CBO) to include for-profit entities and religious-based providers that serve children who participate in federally-funded or District-funded early childhood programs, including the child care subsidy program funded through the federal Child Care and Development Fund;
- Require the Mayor to establish and convene a State Early Childhood Development Coordinating Council (“Coordinating Council”), which would comply with the Head Start Act;²

¹ Effective July 18, 2008 (D.C. Law 17-202; D.C. Official Code § 38-271.01 *et seq.*)

² Approved December 12, 2007 (Pub. L. No. 110-134; 121 Stat. 1363)

- Remove the timing restriction so that the Office of the State Superintendent of Education (OSSE) can provide grants to assist existing as well as new pre-k programs in meeting the required high-quality content (HQ) standards beyond 2013; and
- Transfer the professional development program known as the Higher Education Incentive (HEI) program³ currently under OSSE to the University of the District of Columbia (UDC) within 30 days of the effective date of the Pre-k Acceleration and Clarification Emergency Act of 2010 passed on January 5, 2010. All assets, property, and records relating to the planned or established HEI grant or scholarship program would become the property of UDC, and any unexpended balances of funds available to OSSE for the HEI grant or scholarship program would be transferred to the Higher Education Incentive Grant (HEIG) Fund, a segregated, non-lapsing fund to be created within the UDC budget.

Finally, the proposed legislation would repeal the section of the code⁴ that requires OSSE to "develop and administer the technical assistance and professional development programs for all teaching staff, principals, and other administrators in all of the sectors of pre-k, in coordination with the District's state system of professional development and training."

A full description of the proposed legislation is provided in the Appendix.

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. By including for-profit providers in the pool of eligible entities that can receive technical assistance, the proposed legislation would increase the funding need for the technical assistance program by an additional \$112,695 in the FY 2011, and \$455,742 in the FY 2011 through FY 2014 financial plan period. Subtitle (IV)(K) of the FY 2011 Budget Support Act of 2010 allocates to OSSE \$500,000 as a non-lapsing fund towards technical assistance programs.

Financial Impact of Expanded Definition of CBOs Eligible for Technical Assistance

Based on discussions with OSSE, the Office of the Chief Financial Officer has determined that with the expanded program coverage under the new definition, approximately 30 classes run by for-profit organizations could be eligible to receive grants. The technical assistance costs associated with each classroom are \$2,000 per year or \$4,000 per classroom since technical assistance lasts 2 years. Additionally, OSSE would have to hire monitors to oversee the implementation of technical assistance—usually one monitor can review up to 15 classrooms.

The proposed legislation stipulates that all pre-k classrooms receiving assistance reach HQ standards developed by OSSE by September 2014. The proposed legislation also relaxes the initial requirement that technical assistance programs would be available only for 5 years starting FY 2009. Thus, this new group of eligible classrooms could be incorporated into the technical

³ HEI program means a program established by the University of the District of Columbia for the purpose of increasing the number of pre-k teachers, and assistant teachers, with advanced learning credentials.

⁴ D.C. Official Code § 38-271.02(b)(8).

assistance schedule starting FY 2011 and OSSE would have four years to provide technical assistance to comply with the proposed legislation.

The following table outlines the estimated cost impact assuming that the new classrooms would be included in the technical assistance program starting in FY 2011 and the technical assistance is completed over four years with 15 classrooms at a time. Under this implementation plan, OSSE would need \$455,742 in the FY 2011 through FY 2014 financial plan period. The actual incidence of costs would depend on OSSE's implementation plan.

Estimated Impact to the Budget and Financial Plan, FY 2011 through FY 2014					
	FY 2011	FY 2012	FY 2013	FY 2014	4 Year Total
New classrooms to receive technical assistance	15	0	15	0	30
Total classrooms receiving technical assistance per year, including monitoring	15	15	15	15	60
Monitor costs (1 FTE at CS12/5)					
Salary ^a	\$70,259	\$70,259	\$72,367	\$72,367	\$285,252
Benefits ^b	\$12,436	\$12,436	\$12,809	\$12,809	\$50,490
Total personnel cost	\$82,695	\$82,695	\$85,176	\$85,176	\$335,742
Additional technical assistance ^c	\$30,000	\$30,000	\$30,000	\$30,000	\$120,000
Total Fiscal Impact	\$112,695	\$112,695	\$115,176	\$115,176	\$455,742

^a The salary calculation assumes a 3 percent step increase in FY 2013.

^b Fringe Benefit Rate for OSSE is calculated at 17.70 percent, based on current OSSE experience.

^c The technical assistance for each additional classroom is estimated at \$2,000 per year, based on OSSE's current experience.

Transfer of HEI program to UDC and establishment of the DC Collaborative

The proposed legislation would also transfer the authority to establish and administer the HEI program from OSSE to UDC. In addition, UDC would be required to establish and convene a DC Collaborative, which has been established and has prepared a pre-k teacher workforce development plan in compliance with the emergency legislation. The higher education plan indicates that over 1,500 teachers and assistant teachers require additional credentials, as opposed to the earlier estimate of 400.⁵ OSSE's FY 2010 budget allocated \$850,000 for the HEI program, which would be available to use in FY 2011 for this purpose. Additionally, subtitle (IV)(K) of the FY 2011 Budget Support Act of 2010 requires OSSE to transfer \$1 million out of the FY 2011 local funds appropriated for professional development services to the UDC by no later than October 30, 2010 to ensure continuity of existing pre-K and early childhood workforce development programs.

⁵ Estimated for the Pre-k Enhancement and Expansion Amendment Act of 2008 (D.C. Law 17-202; D.C. Official Code § 38-271.01 *et seq.*)

The proposed legislation also authorizes the use of up to 10 percent of the fund balance in the HEIG Fund for administrative costs. UDC can implement the requirements of the proposed legislation with these funds and other resources available in its budget.

Appendix - Summary of the amendments in Bill 18-605

- Amend the definition of Community-Based Organization (CBO) to include any organization that participates in federally-funded or District-funded early childhood programs, including the child care subsidy program funded through the federal Child Care and Development Fund⁶;
- Clarify that the Office of the State Superintendent for Education (OSSE) would have direct supervision over CBO pre-k educational services and would collaborate closely with charter and public schools⁷;
- Repeal D.C. Official Code § 38-271.02(b)(8), which requires OSSE to "develop and administer the technical assistance and professional development programs for all teaching staff, principals, and other administrators in all of the sectors of pre-k, in coordination with the District's state system of professional development and training;"
- Require the Mayor to establish and convene a State Early Childhood Development Coordinating Council (Coordinating Council)⁸, which would comply with the Head Start Act,⁹ and would replace the existing Early Childhood Advisory Council;

⁶ By amending D.C. Official Code § 38-271.01(1), so the new definition would read as follows: "Community-based organization or 'CBO' means the following: (A) a Head Start program, (B) early childhood program operated by a non-profit entity, (C) early childhood program operated by a faith-based organization, (D) early childhood program operated by an entity that serves children who participate in federally-funded or District-funded early childhood programs, including the child care subsidy program funded through the federal Child Care and Development Fund."

⁷ By amending the D.C. Official Code § 38-271.02(b)(2) (Administration of Pre-k), which currently reads: "In regard to public charter schools, consult with the Public Charter School Board, established by ..." The proposed language would read: "In regard to pre-k programs in public schools, consult with local education agencies and the Public Charter School Board, established by ..."

⁸ By adding a new section to the D.C. Official Code to be codified at § 38-271.07. The Coordinating Council would consist of the following members, or their designees: (1) Mayor of the District of Columbia, (2) Chairman of the Council of the District of Columbia, (3) State Superintendent of Education, (4) Chancellor of the District of Columbia Public Schools, (5) Executive Director of the Public Charter School Board, (6) Director of the Department of Health, (7) Director of the Department of Mental Health, (8) Director of the Department of Human Services, (9) Director of the Child and Family Services Agency, (10) State Director for Head Start Collaboration, and (11) Director of the entity designated as the state resource and referral agency; the Mayor and the Chairman of the Council would each appoint at least one District resident from each the following categories to serve a term of 2 years: (1) Families whose children are or have been enrolled in pre-k educational services, (2) Head Start, (3) Community-Based Organizations, (4) Public Schools, (5) Public Charter Schools, (6) Public Charter School Support Organizations, (7) Early Childhood Advocacy Organizations, (8) Business Community, (9) Philanthropic Community, (10) DC Collaborative, and (11) any additional members identified by the Coordinating Council as necessary or appropriate. The Coordinating Council would serve to (a) improve collaboration and coordination among entities carrying out federally- and state-funded pre-k and other early childhood programs to improve school readiness, (b) assist in the planning and development of a comprehensive early childhood education system serving children ages 0 to 8, and (c) comply with the Head Start Act; and would perform the following duties: (1) identify opportunities for collaboration and coordination among early childhood education entities, (2) review OSSE's

- Clarify the OSSE's role¹⁰ in developing high-quality content (HQ) standards and program requirements that pre-k programs receiving funds need to meet by September 2014;
- Amend the D.C. Official Code § 38-272.03(a) (Pre-k Programs Assistance Grants) to remove the timing restriction so that OSSE can provide grants to assist existing as well as new pre-k programs in meeting the required high-quality content standards¹¹;
- Require OSSE to issue administrative and procedural rules for the grant program and HQ standards¹² and submit the rules to the Council for review;
- Clarify priority enrollment in pre-k for those children whose family income is between 130 percent and 250 percent of federal poverty guidelines so that these children would be included in priority enrollment if applicable¹³;
- Establish the Higher Education Incentive Grant (HEIG) Fund¹⁴ as a segregated, non-lapsing fund that would be a separate program line within the UDC budget. This fund would be used to fund the Higher Education Incentive (HEI) program, for administrative costs of the HEI program and monitoring of the HEIG Fund (not to exceed 10 percent of the fund balance per fiscal year), and to develop the pre-k workforce development plan.
- Transfer the establishment and administration of the HEI grant program from OSSE to the University of the District of Columbia (UDC)¹⁵ within 30 days of the enactment of

annual pre-k report to the Council and submit to OSSE and the Council additional recommendations to improve the quality of and expand access to pre-k and other early childhood programs, and (3) develop recommendations to increase participation of children in existing pre-k and other early childhood programs, improve the quality of pre-k and other early childhood programs, support the implementation of pre-k workforce development programs, and improve state early learning policies; and (4) perform other tasks as determined by the Mayor. Finally, the Coordinating Council would meet no fewer than 4 times each year.

⁹ Approved December 12, 2007 (Pub. L. No. 110-134; 121 Stat. 1363)

¹⁰ By amending the D.C. Official Code § 38-272.01(a). The current Subsection (a) reads: "Within 120 days of July 18, 2008, OSSE shall establish high-quality content standards and program requirements, which have been approved by the State Board of Education, that all pre-k programs are required to meet by September 1, 2014." The proposed Subsection (a) would read: "The OSSE shall develop high-quality content standards and program requirements that all pre-k programs that receive funds under this act are required to meet by September 1, 2014."

¹¹ Current Subsection (a) reads: "Beginning in September 2009, OSSE shall establish and administer a 5-year grant program to assist pre-k programs in meeting the required HQ standards. Each grant shall be a 2-year grant. The last grants to be awarded pursuant to this section shall be awarded in 2013." The proposed Subsection (a) would read: "OSSE shall establish and administer a grant program to assist existing and new pre-k programs in public schools, public charter schools, and CBOs in meeting the required HQ standards. Each grant shall be a 2-year grant."

¹² By adding a new Subsection (c) to the D.C. Official Code § 38-272.03

¹³ By inserting the expression "if applicable" in the D.C. Official Code § 38-273.02(b) so the amended Subsection (b) would read: "Priority enrollment shall be first to children who live within the school's attendance zone boundary, as established pursuant to law and regulation, if applicable, and then, if applicable, to children whose family income is between 130% and 250% of federal poverty guidelines, and to children whose family income is below 130% who are not served by existing programs."

¹⁴ By adding a new Paragraph (2A) to the D.C. Official Code § 38-271.01 and adding a new Section 403 to be codified at § 38-274.03. The HEIG Fund would be funded through (a) local funds, (b) federal funds, (c) federal grant funds, and (d) grants, gifts, or subsidies from public or private sources. The funds deposited into the HEIG Fund would not revert to the unrestricted fund balance of the General Fund of the District at the end of the fiscal year, or at any other time, but would be continually available for the uses and purposes of the fund without regard to fiscal year limitation, subject to authorization by Congress.

¹⁵ By amending D.C. Official Code § 38-274.01 (Establishment of the Higher Education Incentive grant program); § 38-274.01 (DC Collaborative; workforce development plan; HEI program; career and compensation plan), adding a new Section 401a to be codified at § 38-274.01a (Transfer of authority, assets, and funds), and amending D.C.

the Pre-k Emergency Act enacted on January 28, 2010, and require that any real and personal property, positions, assets, and records relating to the planned or established HEI grant or scholarship program would become the property of UDC, and any unexpended balances of appropriations, allocations, or other funds available or to be made available to OSSE for the HEI grant or scholarship program, or the planned establishment of the program would be transferred to the HEIG Fund.

- Require UDC to establish and convene a collaborative of District of Columbia colleges and universities (DC Collaborative) to craft a higher education incentive grant and scholarship program, in collaboration with OSSE, for the purpose of increasing the number of teachers and assistant teachers in public schools, public charter schools, and CBOs who are meeting degree and credential requirements established by OSSE;
- Require the DC Collaborative¹⁶ to develop a pre-k teacher workforce development plan¹⁷, and require UDC to submit the pre-k workforce development plan to the Council for review by March 15, 2010.
- Require UDC, as the convener of the DC Collaborative, to facilitate the development and implementation of the HEI program¹⁸ and the distribution of funds to higher education institutions according to their capacity or need, and to submit to OSSE a proposed career and compensation plan, under which a teacher in the CBO sector will be compensated once a teacher meets the degree requirements and credentials established by OSSE.
- Require UDC to submit an annual report to the Mayor and to the Council on the status of the DC Collaborative and the higher education incentive grant and scholarship program.

Official Code § 38-274.02 by replacing the two references to "OSSE" with "the University of the District of Columbia."

¹⁶ By amending D.C. Official Code § 38-274.01(b)

¹⁷ The plan would include (a) a clearly articulated vision statement of how the DC Collaborative intends to attract and retain a highly-qualified pre-k teacher workforce, (b) stated goals and strategies based upon a needs assessment of the current pre-k teacher workforce in public schools, public charter schools, and CBOs and review of higher education institutional capacity, (c) the scope and structure of the HEI grant and scholarship program, and (d) a timeline and benchmarks for the planning and implementation of the HEI grant and scholarship program.

¹⁸ By amending D.C. Official Code § 38-274.01(c) and (d)